

UNASUR AND ITS FUTURE IMPACT ON THE AMERICAS

BY

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UNASUR AND ITS FUTURE IMPACT ON THE AMERICAS

by

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ABSTRACT

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The Union of South American Nations (UNASUR) proposes to be a strong and integrated organization that will lead regional development by addressing political, social, and economic issues; capitalizing on regional identity; and being an inclusive organization that promotes science, and technology. UNASUR includes twelve South American nations of which two have already ratified the constitutive treaty. Even in its developmental phase, UNASUR demonstrated its effectiveness by mitigating political unrest in Bolivia in September 2008. The new organization's effectiveness on this occasion provides insights concerning its future role in conflicts around the region and its relationship to the OAS. Some issues remain unresolved, however. The provision for decision by consensus poses a major challenge as all matters must be resolved by unanimity. While key social and economic issues have not yet been considered, decision by consensus has already proven a challenge by delaying the selection of the first Secretary General of UNASUR. The general philosophy of UNASUR will be established by the development of its institutional processes as well as its relations with other sub-regional organizations. The paper analyzes the critical issues that will determine UNASUR's prospects in the regional and international context.

UNASUR AND ITS FUTURE IMPACT ON THE AMERICAS

The Union of South American Nations (Union de Naciones Suramericanas-UNASUR), a brand new international organization, was created in response to a globalized world. At present, regional organizations in South America are broken down in two main groups. First, the Andean Community (Comunidad Andina-CAN) dates back to 1969, when five South American countries (Bolivia, Chile, Colombia, Ecuador and Peru) signed the Cartagena Agreement in order to jointly improve their peoples' standard of living through integration and economic and social cooperation.¹ Second, the Common Market of the South (Mercado del Sur-MERCOSUR) is A Regional Trade Agreement among Argentina, Brazil, Paraguay and Uruguay founded in 1991 by the Treaty of Asunción, which was later amended and updated by the 1994 Treaty of Ouro Preto. Its purpose is to promote free trade and the fluid movement of goods, people, and currency.²

A historical analysis will provide the basis to understand whether the creation of UNASUR was driven by a particular country or sub-region, or was developed in a broader regional context. Once the historical analysis has identified the regional goals of UNASUR, the paper will assess its real capability to compete as a block of nations against or aligned with mega-blocks or powerful countries such as the European Union, the United States, China, etc. The future of UNASUR will be determined by how well this organization engages and works with the culture of the region. It has already broadly demonstrated the potential and effectiveness of regional cultural expressions to unify people, strengthen regional identity, ease the integration process and foster economic development.

UNASUR will succeed if there is a will to encourage and promote knowledge, science and technology; this is the only way to integrate the region into the globalized economic development of the twenty-first century. The Latin American region must develop a self-sustaining information and knowledge based society, which is the best way to eliminate poverty and build a peaceful and progressive region. The prospects for three components: engaging the regional cultural identity, eliminating ideological biases, and promoting knowledge, science and technology, will determine the future of economic development in the region. An examination of these three key components among others will help determine whether UNASUR has a viable future or not.

The Dream

UNASUR was created by the decision of twelve presidents who met in Cuzco, Peru on December 8, 2004. This new supranational body was envisioned in the Cuzco Declaration signed that December. While the specific idea to form an organization such as UNASUR began in the year 2000, the broader aspiration for regional integration goes back long ago to the era of independence from Spanish colonial rule in the Americas.

Politically, South America was born and obtained independence as large regional geographic areas based upon a republican system. The brand new states were: the Great Republic of Colombia, Peru, and Chile and the united provinces of the Plata River (now Argentina), Paraguay and Bolivia.³ Afterwards, the Great Republic of Colombia separated into the sovereign states of Venezuela, Ecuador and Nueva Granada (currently Colombia). The latter included Panama, which in turn was separated from Colombia in 1903 as a result of Colombian resistance to build the Panama Canal. As

time went by, Simon Bolivar's dream to create one unified South American nation faded with the inexorable march of history.

As the founding father Simon Bolivar pursued his aspiration for continental unity, he came to realize that his dream was going to be more complex and difficult than he thought because of geography, demography and the lack of cultural integration which would cause many future conflicts. History has largely demonstrated that Bolivar's concerns were true. The countries of Latin America underwent wars with each other because of irrational regional perspectives, conflicting territorial claims and competing economic interests which brought well-being to some and relegated others to poverty.

Today Latin America has fragmented into more than twenty nations, but has renewed aspirations for unity and integration. Realizing this endeavor would bring Bolivar's dream closer than ever:

One Latin America united on a non-imperialistic basis and co-operating on a sovereign basis with the United States. It is the old Simon Bolivar dream. It is much nearer realization than it was a century ago.⁴

Why did numerous past attempts at unification fail? The answer to this question requires an examination of the paths of organizations created in the past years, their objectives and shortcomings.

The Path

Certainly the intent to create an organization including nations from throughout the Americas goes back to at least 1826 when Simon Bolivar summoned the Panama Congress with the idea of creating an Association of American States. An agreement in 1890 in Washington established the International Union of American Republics, which later on in 1910 became the Union of America Republics and its bureau, or permanent

staff, became the “Pan American Union”. Finally in 1948 these organizations became the “Organization of American States (OAS)” and the Pan American Union became the permanent secretariat of the OAS.⁵ The OAS has been criticized by most countries of South America because of the domineering position of the U.S., examples of which follow. (1) The defeat of a proposal from Washington to establish an intervention mechanism to allow the United States, using the OAS, to judge and intervene against any elected regime that according to the interests of Washington are not acting democratically.⁶ (2) The conflict in Haiti that had to be handed over to the U.N.⁷ (3) In the 57 years of the OAS, a candidate supported by United States has never lost election to be the Secretary General. Only in 2005 was a U.S. sponsored candidate defeated when the Chilean Miguel Insulza became the next Secretary General.⁸ These kinds of issues, along with the overbearing relationship of the United States always in the background of the OAS, influenced the nations of South America to create UNASUR excluding the United States.

Another organization, the “**Latin American Free Trade Association**” (**LAFTA**) was a Latin-American intergovernmental organization created on February 18, 1960, by the Montevideo Treaty. This organization failed basically because the governments pretended to expand their economies without renouncing their protectionist policies. Other factors included the lack of an integration mentality and the failure to provide delegates with sufficient decision power. Twenty years later LAFTA was replaced by the Latin American Integration Association (Asociacion Latinoamericana de Integracion-**ALADI**), also occasionally known by the English acronym **LAIA** as is mentioned in the treaty:

The 1980 Montevideo Treaty undertakes to further the process of economic integration started in the Latin American region two decades ago and provides for the creation of the Latin American Integration Association (LAIA), in place of the Latin American Free Trade Association (LAFTA) established by the Montevideo Treaty concluded in 1960.⁹

Another reason that LAFTA and ALADI did not achieve their stated goals was because the Latin American authoritarian governments of the time viewed regional economic integration as a threat to national security.

Another organization was created in 1969; the **Andean Community (Comunidad Andina-CAN)** that involved Bolivia, Colombia, Ecuador, Peru, Venezuela and Chile. *(Chile withdrew in 1976 and now is an associate member. Venezuela withdrew in 2006 due to the Free Trade Agreement with the U.S. signed by Peru and the probable agreement between Colombia and the U.S.)* Argentina, Brazil, Paraguay, Uruguay and Chile are associate members. Mexico and Panama are observers. This organization not only relates to trade agreements but also focuses on a social agenda, as well as environmental and political cooperation under an integration framework. The main difference of **CAN** from **LAIA** is the direct participation of the presidents in the organizational decision making process that allows for achievement of the goals signed in the “Cartagena Agreement”. However the **CAN** is struggling with the lack of political will among the governments, as the trade agreements are not working yet. This lack of political will was mentioned by the President of Ecuador, Rafael Correa, when he spoke in Guayaquil on October 14, 2008: “we must give serious thought to the benefits of uniting our political wills and of regional trade, cultural integration, development planning, and so forth.”¹⁰

The **Common Market of South (Mercado del Sur-MERCOSUR)** was created in 1991.¹¹ The member countries are: Argentina, Brazil, Paraguay, Uruguay and

Venezuela as full members by the Treaty of Asunción, which was later on amended and updated by the 1994 Treaty of “Ouro Preto” in Brazil. Venezuela became a full member in 2006.¹² Bolivia, Chile, Colombia, Peru and Ecuador joined as associate members and Mexico as an observer. **MERCOSUR** was created as the result of the necessity for free trade and a common commercial policy among the countries of the Southern Cone in South America. The concept of a common market among the **MERCOSUR** member nations remains more of a wish than a reality so far. This organization has precise and clear economic objectives but has never adopted specific measures to create a supranational entity.

The **MERCOSUR** group of nations is not considered to be large enough to effectively relate to the largest economy in the Americas—the United States. Brazil, as the lead economy in South America, is most interested in materializing a mega-block of countries within the region which would give greater economic leverage to the hemisphere in relation to the U.S. economy. As a statement that was clearly aimed to develop the upcoming South American Community of Nations (Comunidad de Naciones Suramericanas-**CSN**) and later on **UNASUR**, Brazilian President Lula da Silva stated in 2003: "I am convinced that MERCOSUR will have, in a short time, the great majority of South American countries participating"¹³

A new model of integration could only be built by capitalizing on the already existing sub-regional organizations, **CAN** and **MERCOSUR**. With these precedents, the **CSN** was born in 2004 as a way to coordinate common policies regarding multilateral organizations, to integrate physical infrastructure, and to consolidate the merging of

CAN and MERCOSUR. The initial “**CSN**” abbreviation was later dropped and finally adopted as the current “**UNASUR**.”

The Free Trade Agreement of the Americas (**FTAA**) as the intention of the United States to eliminate or reduce the trade barriers among all countries in the Americas was finally unsuccessful at the summit held in Mar del Plata, Argentina, in November 2005.

Venezuelan President Hugo Chavez said:

Free Trade Area of the Americas is ‘an annexationist plan’ that would stifle or destroy local industry, roll back social safety nets and labor protections and permanently extend American political domination of the region to the economic realm¹⁴

Most of the South American countries created obstacles for this treaty as the result of incompatible points of view as expressed by Bolivian President Evo Morales: “An agreement to legalize the colonization of the Americas imposed by the United States.”¹⁵ Other South American Presidents, such as Brazil’s Luiz Inácio Lula da Silva and Argentina’s Cristina Fernandez de Kirchner, raised economic concerns about US agriculture subsidies and enforcement of U.S. patents and copyrights. The end result was that economic and ideologically divergent points of view created generalized opposition to the FTAA among the nations of South America.

Because of the failure of the FTAA, the main concern about the future, especially for the **CAN**, are the bilateral Free Trade Agreements (FTA) sought by United States with individual nations in the region. Peru has signed and ratified an FTA with the United States.¹⁶ Colombia has also signed an FTA with the U.S., but it is held up in the U.S. Congress by the Democratic majority which opposes it out of a legitimate concern over the state of human rights in Colombia.¹⁷ Chile, which became an associate

member of the **CAN** on June 8, 2007, has an existing bilateral FTA with United States as well.

The Creation of **UNASUR**

The initial idea for the creation of UNASUR was contained in the Declaration of Cuzco signed in 2004 by the government leaders. According to Allan Wagner Tizón, former Secretary General of the Andean Community:

The South American Community of Nations will allow all countries not only to obtain possible markets for their products, but also political strength in the multilateral and international scenario¹⁸

Following this statement, Wagner proposed not to replace either CAN or MERCOSUR, but rather to unify them and offer their strength in the international arena in order to present a compact block balancing any asymmetry.

The first meeting to deal directly with UNASUR was held in Brasília, Brazil, on September 29th and 30th, 2005. Basically the presidents decided: First, to promote an agreement for economic integration among the countries of South America. Second, to issue a petition to the Secretaries of ALADI, MERCOSUR, CAN and CARICOM and also Chile, Guyana and Suriname to prepare a study about the economic integration of South America.¹⁹ These studies were incorporated into a final document of the Commission on Strategic Analysis that proposed a new model of South American integration with a final goal of the union of all nations in the region.

During the second meeting held in Cochabamba, Bolivia, on December 8th and 9th, 2006, a call was made from the stand point of the indigenous and native peoples in the member nations to “live well without liberalism” as the Cochabamba declarations state:

The end of the bipolarity built after the World War II, and the finish of the Cold War, brought a weakness of multilateralism and deepened the asymmetries among countries and even continents.²⁰

This statement encourages and reminds indigenous peoples of their right to claim their own government and get rid of imperialist policies and foster social measures based upon their country's cultural reality. The document was signed by each head of government.

The third meeting was in Brasília on May 23rd, 2008. This is considered the most important meeting of UNASUR. In this meeting the members agreed upon the Constitutive Treaty of the South American Nations inspired by the Cuzco Declaration in Peru of December 2004), and the subsequent declarations at Brasilia in September, 2005) and at Cochabamba in December, 2006. The Constitutive Treaty essentially establishes the foundation of the organization based upon a determination to build its own Identity, to support and sustain development, and to strengthen multilateralism.²¹

Another important fact is the creation of the South American Defense Council that would serve as a mechanism of dialogue among the defense ministers aimed at shaping regional defense efforts. This proposal was initially rejected by Colombia because it believed some issues, such as its recent raid into Ecuadorian territory to destroy an encampment of the Colombian FARC insurgent group, should be excluded from multilateral discussions, and wished to reserve the right to act unilaterally in such cases. Ecuadorian Minister of Defense Javier Ponce explained that this unilateral stance by Colombia reflects the old unilateral defense thesis of Ex U.S. President George W. Bush, a close ally of Colombia.²²

Twelve countries are involved in **UNASUR**: The Republic of Argentina, the Republic of Bolivia, the Federative Republic of Brazil, the Republic of Chile, the

Republic of Colombia, the Republic of Ecuador, the Cooperative Republic of Guyana, the Republic of Paraguay, the Republic of Peru, the Republic of Suriname, the Oriental Republic of Uruguay and the Bolivarian Republic of Venezuela²³.

These countries come from three different organizations or independent parties. **First** is the CAN which includes Bolivia, Colombia, Ecuador and Peru. **Second** is MERCOSUR which includes Argentina, Brazil, Paraguay, Uruguay and Venezuela. **Third** is the Caribbean Community (CARICOM) which includes Guyana and Suriname.

There are some concerns that Mexico and the Central American countries are not included in UNASUR. A former Argentinean Foreign Minister said:

It is very important, because we are talking about a South American community that by definition keeps Mexico out. Being this country (Mexico) the first economy in the region and furthermore, Central America as an emergent zone, already stabilized and heading for its strategic integration among other matters through the Panama Canal.²⁴

Is it worthwhile to create a regional organization that tries to be competitive in the economic world without the support of a large economy such is Mexico? According to the World Bank Database, the combined UNASUR GDP is around 2.3 trillion dollars,²⁵ which would make it the world's seventh largest economy. However the Mexican GDP is 893 billion dollars, which when added to that of UNASUR would substantially increase the economic power of this mega block to more than 3.2 trillion dollars, making **UNASUR** stand close to the top of any world economic ranking.

Other countries not mentioned include French Guyana which is an overseas department of France and is therefore part of the European Union, and Chile which is an associate member of both MERCOSUR and CAN.

The main concern currently is the ratification of the membership to UNASUR. Only Bolivia and Venezuela have ratified the constitutive treaty so far and the dead line

is April 2009.²⁶ The twelve countries expressed their willingness to elect a Secretary General by consensus after ratification is completed. The deadline is approaching and there is no information regarding next steps if all countries have not ratified the constitutive treaty by the deadline. Most likely there will be another meeting to extend the deadline.

The Organization of UNASUR

The heads of state of the twelve nations of UNASUR signed the constitutive treaty on May 23, 2008 in Brasilia. According the constitutive treaty,²⁷ the bodies of UNASUR include the following.

The Council of Heads of State and Government will establish policy guidelines, plans of action, programs, and projects, and will decide the priorities to be implemented. Ordinary meetings will be held annually and extraordinary meetings may be summoned by the Pro Tempore Presidency. The Pro Tempore Presidency is held successively by each of the member states, in alphabetical order, for a period of one year. The ability to hold extraordinary meetings demonstrated its effectiveness in dealing with social unrest in Bolivia as will be explained in subsequent paragraphs.

Another body is the Council of Ministers of Foreign Affairs. This Council basically adopts resolutions in order to implement the decisions of the Council of Heads of State and Government. Meetings will be held every semester or on an extraordinary basis at the request of half of the member states.

The Council of Delegates, which consists of one accredited representative of each member state, is an operative body to prepare draft decisions, resolutions and

regulations for the consideration of the Council of Ministers. It meets every two months in the territory of the state which occupies the Pro Tempore Presidency.

The General Secretariat, led by the Secretary General, is to be established in Quito, Ecuador. The Secretary General is appointed by the Council of Heads of State following a proposal by the Council of Ministers of Foreign Affairs. The Secretariat has already had its first impasse when former Argentine President Nestor Kirchner was proposed as the first Secretary General by Ecuadorian President Rafael Correa. The President of Uruguay rejected the proposal because of two years of Argentine protests which blocked the bi-national bridge that links the Argentine city of Gualeguaychú with the Uruguayan city of Fray Bentos.

Regarding the approval of legislative measures, the Constitutive Treaty confirms that “all the norms of UNASUR will be adopted by consensus.” This requirement was applied by Uruguayan President Tabare to legally end the aspirations of ex-president Kirchner to become the first Secretary General. The term “consensus” is generally considered to mean “unanimity.” However, the broader meaning of this word in the judiciary or congressional jargon might also include a “majority.” President Tabare clearly alluded to the first definition and won the contest.²⁸ However, given that a unanimous consensus is not easy to obtain in matters of international or regional policy, strict adherence to such a norm might be an obstacle that delays or even paralyzes political dialogue among the members and would impact negatively on UNASUR’S general or specific objectives.

UNASUR’s general objective is to build an integration and union among its peoples in the cultural, social, economic and political fields. This union will be achieved

by eliminating socioeconomic inequality and reducing asymmetries in order to eradicate social exclusion.²⁹ The specific goals among others, include the strengthening of political dialogue to reinforce South American integration and the participation of UNASUR in the international arena; the eradication of illiteracy; enhanced energy integration; the protection of biodiversity, water resources, and ecosystems; mechanisms to overcome asymmetries; promotion of cultural diversity; coordination to strength the fight against corruption and the global drug problem; and the exchange of experiences in matters of defense.

At the summit held in Brasilia on September 30, 2005, the presidential declaration defined the priority of the agenda and the Action Community Program and approved the declarations of the integration process in South America.

Even though UNASUR is not a formal organization yet, it has already demonstrated its effectiveness by addressing the unrest in Bolivia in September 2008, when deaths from violence in rebellious northern Bolivia increased to almost 30. In an informal meeting in the United Nations headquarters in New York, the presidents of the twelve member countries of UNASUR decided to set up a special commission which arrived in Bolivia on September 19th to investigate the causes of social unrest there.³⁰

Later on in the declaration of “La Moneda,”³¹ UNASUR stressed its support of the constitutional President Evo Morales Ayma, and the rejection and non-recognition of any coup attempt or other rupture of institutional order that might compromise the territorial integrity of Bolivia.³² In this regard, UNASUR confirmed its willingness to deal with those problems which might compromise the stability of the South American region. Political dialogue is one of the objectives of UNASUR at the regional level as well as the

encouragement of internal dialogue concerning domestic affairs. UNASUR has specifically promoted an agreement between the government and opposition parties to move dialogue forward. This gesture demonstrated international solidarity with Bolivia and proved vital in preventing the “Balkanization” of Bolivia and at the same time, ratified respect for Bolivian sovereignty, the non-interference in domestic affairs and support for human rights. This was the beginning of UNASUR’s job for the future. However, it might be important to set up a collective organism to be the center where regional objectives and issues would be solved.

During the second meeting about UNASUR held in Cochabamba in December, 2006, 50 representatives of twelve countries outlined the foundations of the future “Parliament of South American Nations.”³³ A working group was established from representatives of the Andean Parliament, MERCOSUR, Chile, Guyana and Suriname to draft a document that will be discussed in 2009.

The fact that the South American countries currently have democratic governments establishes the foundation to undertake a regional parliament. The designated representatives have the expertise to engage in dialogue and seek shared solutions to regional problems. The installation of a South American Parliament would offer a center for discussion and analysis to reach agreements on economic, political and social matters. All remaining issues on legislation for the final implementation of UNASUR could be discussed and debated in this venue. Therefore the utmost speed in the creation of the South American Parliament is of paramount importance to complete the process and settlement of UNASUR.

The Culture

At this stage, it is important to identify three basic elements that this paper will address as part of UNASUR's implicit objectives: the use of culture as an expression to unify the people of the region and strengthen their common identity and integration; overcoming ideological obstacles to relations with other organizations, as ideology often serves as the basis for competitive rather than cooperative relations among organizations; and the employment of knowledge, science and technology to enable the people of the Americas region to realize their aspirations for the future.

After barely more than four years in which to organize, the forthcoming UNASUR faces many challenges upon entering the regional arena of integration, with many goals remaining spoken aspirations rather than real achievements. However the historical background reveals that the region has many more inherent similarities than differences.

South America was colonized by Spain and gained its independence in the early 19th Century. The "Criollos" (a mix of white European and Native American), took over the leadership in most of the newly independent countries, keeping in subservience the large indigenous population which had been enslaved by the Spanish. Independence brought no substantial change in the way of life of the indigenous people, who saw in the *Criollos* the same harsh ruler as the Spanish had been. For many years the natives were ruled by whites of European descent; however nowadays in some countries like Bolivia there is no longer the figure of white-only rule, as indigenous President Evo Morales Ayma stated:

"I want to say to you, my Indian brothers concentrated here in Bolivia, that the 500-year campaign of resistance has not been in vain."³⁴

UNASUR has not yet achieved a clear goal in terms of culture, at least in part because it is not yet an official organization. As mentioned earlier, only ideas about cultural identity have been considered. In regard to this matter, the president of Peru, Alan Garcia stated: "We will be a South American Nation. Someday we'll have an identity to show to the world as Europe does..."³⁵ However there have been some specific decisions to achieve this goal as declared at the first meeting of Heads of State of the Union of South American Nations held in Brasilia. UNASUR agreed to arrange meetings of the Ministers of Culture to propose a South American cultural agenda; however, there is no subsequent information that such a meeting occurred. A specific objective concerning culture is also cited in the Constitutive Treaty as:

The promotion of cultural diversity and the expression of the traditions and knowledge of the peoples of the region, in order to strengthen their sense of identity;³⁶

As the South American nations contain such a variety of cultures at the individual level, there is such diversity that it is often hard to find common ground for agreement with each other. Someone could argue that a sense of common identity is not achievable amidst such diversity which might rather generate expressions of disharmony; nevertheless it is noticeable that such diversity is understood as an asset from which a holistic approach might strengthen the sense of regional identity. Therefore the willingness to overcome the "cultural" issue among the South American nations, and the idea to build unity from diversity, is achievable as the United States and

the European Union have proven by capitalizing on their similarities rather than looking for differences.

The latter tendency to focus too much on cultural differences is a challenge that UNASUR must overcome. UNASUR must avoid focusing on divergent points of view between countries in a given matter, but rather must focus on convergent approaches that will strength regional relationships and set in motion the path for the organization's success.

The Ideology

While the potential members of UNASUR have trade disagreements and differing economic policies, the broader ideological similarity among the majority of the twelve countries can overcome these differences.

After independence, the former Spanish colonies were not able to achieve Bolivar's dream of a Confederation of Nations, as a result of large geographic distances, communication difficulties, personal ambitions, and the lack of a democratic tradition. Political power was still concentrated in religious institutions and the "criollo" families. Violent "revolutions" were frequent and many countries were ruled for long periods of time by authoritarian military governments.

The start point of U.S. influence would be the issue of the "Panama Canal" in 1903, when United States' pressure achieved its goal of separating Panama from Colombia because of Colombia's refusal to allow the canal to be built on its territory across the Central American isthmus. Beginning with this intervention, South America grew up under the influence of the United States, which resulted in every country

following U.S. political and economic policies, and even to some degree societal trends, in the U.S.

After World War II, when the world was divided among two superpowers during the Cold War, there were some efforts to promote policies contrary to the U.S., as Cuba did when it became the first communist country in the Americas, and attempted to expand its revolution southwards but failed when “Che Guevara” was killed in Bolivia in the late 60's. The remainder of the countries in the Americas were strongly supported by the United States, which often promoted dictatorships that agreed to defeat communism.

The end of the Bipolar world left the United States as the sole superpower which no longer had to be worried by the risk of another major power trying to influence the Americas region. As a result the United States ignored South America in order to focus on other issues in Europe and Asia, considering South America a lower priority matter.

When democracy spread throughout the Americas, the elected presidents tried to run their countries in the Western liberal democratic fashion. With adaptations of the Western democratic model, some countries had success such as Brazil, Argentina and Chile. However, other countries with a significant indigenous population realized they had vastly different circumstances and the full implementation of liberal democratic policies would be worthless.

With the dawn of the globalized 21st century, the nations of South America are seeking a better future than failure or limited success. These nations realize that they can challenge any kind of outside interference and take better advantage of a globalized economy by building a block of countries based upon agreements in economic, social

and political fields. Consequently, after a series regional organizations with limited success, as explained earlier in this paper, UNASUR was born as an alternative to enhance the welfare of the South American people.

UNASUR proposes a new model of integration with a pluralism that incorporates diversity and differences into its own identity, acknowledging the different political and ideological concepts that correspond to the democratic plurality in the countries of the region.³⁷

The key for the success of UNASUR will depend on the sincerity of intention of the countries involved. The required level of sincerity will be hard to achieve, because every country needs to improve its own economy. Countries such as Colombia, Peru and Chile are very tied to an open market economy, and they will not wait if they have the opportunity to boost their economies by means of trade agreements outside of UNASUR. The challenge for UNASUR is to establish clear policies on bilateral free trade agreements (FTA's) that are detrimental to the whole. The CAN is currently struggling with the issue of FTA's negotiated outside of the CAN framework, causing the Bolivian government to take legal action against Peru because it has violated the agreements in the Community when it ratified its bilateral FTA with the U.S. President Evo Morales explained:

"There are three serious violations to our agreements for which we will file a complaint with the Andean Council"³⁸

This kind of attitude could isolate those countries that are considered hard leftist such as Venezuela, Ecuador and Bolivia. A country such as Venezuela has oil wealth and can afford to live without a FTA with the United States, but the lesser developed

nations are not in the same position and must seek assistance from other sources such as the European Union, or wealthier neighboring countries. That is why some countries have greater urgency than others to establish UNASUR.

A key issue is the successful adoption of the neoliberal market model in some countries, and the failure of this model in the others; this divergence is the real issue that will confront the formation of UNASUR. The historical fact that both neoliberal and socialist economic ideologies coexist in the same region, creates a significant challenge for UNASUR. However, that fact that Brazil, Chile, and Argentina have applied a partially open economy with some degree of market regulation with a degree of success may establish the foundation upon which to build the new Union of South American Nations.

Science and Technology

Both the lack of advanced technology as well as the legacy of three centuries of colonial domination are commonly cited as the causes of poverty and slow economic development in South America. UNASUR can only become united and prosperous if accompanied by well-balanced development in terms of science and technology. However, the development of advanced technological research requires capital investment and sound business models.

In terms of science and technology, South America, has always been one step behind in relation to developed countries, resulting in little or no access to the latest technology. The economic gap among countries is a real issue. Within South America there are considerable differences in terms of economies that might be addressed and solved by UNASUR. Brazil, with a GDP of 1.3 trillion dollars, long ago began developing

its manufacturing industry with some success. As an example, 22 years ago Brazil created the first “business incubators,”³⁹ and currently has the largest network of such agencies in Latin America, giving it a prominent place in the world. This same model of business incubators is now being capitalized on by other countries in MERCOSUR, of which Paraguay is the least developed with a GDP of only 12 billion dollars.⁴⁰

To compete in the global market the manufacturing process makes all the difference. While South America tries to manufacture a high-quality product in the shortest time possible using mostly labor-intensive means; the developed countries reduce the time to less than one third of that in developing countries by means of the application of technology. This means more production in less time; as a consequence the developed countries gain the markets available and leave the undeveloped economies isolated. If South America maintains this unfavorable development ratio it clearly is not just going to stay behind the developed world, but may even suffer economic collapse. The territorial diversity presents varied ecosystems with such abundant resources that South America offers a colossal potential to be tapped by applying technology; this would be the start point to narrow the distance between South America and the developed countries.

Conclusion and Recommendations

UNASUR was born as a result of years of exploitation by transnational companies, causing a kind of progress in slow motion to achieve only limited success. What success has been achieved is limited to given countries, and has not spread to the region as a whole.

In a broad sense the earlier regional organizations failed because of issues created internally and also as a result of negative influences imposed by extra-regional economies that foresee as a possible threat the creation of a powerful economic community.

Fundamental to UNASUR's success will be the elimination of differences caused by the dislike of a particular economic or political ideology. It will be necessary to understand that this organization is not a team to threaten other regions or countries, which some leaders may attempt to create by capitalizing on the organization's momentum. It will be imperative not to create an organization as a means of political battle against liberalism or some other ideology. UNASUR shouldn't exclude anyone but must become an inclusive organization with the goal of the fusion of worldwide treaties focusing on creating equality of opportunities.

UNASUR must undertake a process of human reengineering. The organization must ensure that cultural integration is incorporated throughout the region; it must deal with several radical attitudes that are detrimental to the whole. The reconciliation of radicalism will be possible if the organization is operated rationally in a democratic context. This is a very complex task but perfectly possible.

The organization must find a turning point for harmonizing differences in economic policies. It must reproduce existing examples such as the United States and China to maintain a relatively stable business relationship. UNASUR must respect the decision of its components in the economic arena and find ways to stimulate regional trade domestically and internationally.

The components of the organization must emphasize and capitalize on complementary issues to strengthen the search for solutions to their differences. The creation of the South American Parliament and the Council of Heads of State and Government will have a key role in the search for solutions.

UNASUR must be an inclusive organization, able to reach agreements based on mutual interest. It is essential to avoid ideological and historical preconceptions about capitalism or socialism. As a future mega bloc, UNASUR will have the capability to undertake multinational trade with the other large world economies in a fair way.

UNASUR has a limited capacity to undertake projects involving advanced science and high technology. It will be indispensable to sign agreements with industrialized countries to access technologies that improve manufacturing processes in the region. Moreover, it will be essential to improve human development indicators through aggressive projects aimed at native communities in order to reduce education asymmetries.

As of the end of March 2009, the countries that didn't initially ratify the constitutive treaty have still not agreed to it. It is likely that these countries are not going to achieve the April 2009 deadline for ratification, and the deadline will be extended for several additional months. Given that no potential member country spoke negatively concerning the ratification of the treaty, it is likely that UNASUR may be inaugurated and in the intervening time the remaining countries can be incorporated gradually. Certainly the prompt ratification of the treaty by Brazil and Argentina would influence the rest of the countries to quickly follow suit. Brazil is one of the most interested nations in

this organization, therefore it is likely that it will ratify within the timeline or in subsequent months if an extension occurs.

UNASUR will be different than MERCOSUR and CAN, as it addresses a better regional approach than a simply sub-regional view. This broader regional approach leads one to believe that UNASUR's success and endurance is more likely than previous attempts to organize regionally. Nowadays, there is a clear awareness of economic interdependence brought on by globalization. It is understood that the countries in South America working in isolation will not have a future. This new mindset will strength the future survival of UNASUR as a regional organization. Future negotiations and possible agreements with other organizations or large economies like the European Union and the United States might strengthen the cohesion within the block; but such an outcome will depend on the political will of leaders.

The absence of Mexico, as well as the Central American and Caribbean countries, won't affect the prospects of UNASUR. The least important issue is a change in the name since it specifically refers to countries located in South America. Furthermore, the combination of the twelve South American countries' GDPs would reach more than 2.3 trillion dollars, making it the seventh largest economy in the world. With such economic mass, UNASUR as a brand-new organization will better deal with and leverage the international economy to its benefit. However, a later inclusion of Latin American countries outside the current South American twelve would strengthen the vitality of the organization; though the inclusion of Mexico brings with it some issues concerning its political and economic relations with the United States.

There must be a clear interpretation of the term "consensus" in the Constitutive Treaty, since it creates ambiguity and might be misunderstood. There must be a clearer definition of what issues require only a "majority," and when the more rigorous "unanimity" is demanded. A simple level of priorities could be designated as a basis upon which to clearly establish the level of consensus required to reach an agreement. The range would be (1) "unanimously" for matters of high priority or importance that concern the vital interests of every country. (2) "Absolute majority (2/3)" on issues of intermediate importance, and (3) "simple majority (50 +1)" for routine cases with a lower level of importance.

UNASUR is not meant to replace the OAS, but rather is an attempt to work in coordination with this organization presenting a more compact block that represents the South American nations within the OAS. This fact will reduce internal asymmetries. UNASUR will attempt to deal with economic and social issues that were not solved by the OAS, offering a unified position that might reduce the level of influence of countries with large economies within the OAS.

In conclusion, UNASUR was born in response to the current strategic environment. This organization strives to end South America's dependence on other economic powers. The merging of two organizations such as MERCOSUR and CAN reveals to the world that South America has a renewed desire for integration. Obviously the work done by the latter organizations was not enough to resolve the region's economic and social exclusion, both internally and internationally. Therefore, this organizational initiative may be a new opportunity for the region; if UNASUR executes this project intelligently, South America will see better days.

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